

[H.A.S.C. No. 113-98]

**OPERATION AND MAINTENANCE  
WITHOUT OCO FUNDS: WHAT NOW?**

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HEARING

BEFORE THE

SUBCOMMITTEE ON READINESS

OF THE

COMMITTEE ON ARMED SERVICES  
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

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## **OPERATION AND MAINTENANCE WITHOUT OCO FUNDS: WHAT NOW?**

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON ARMED SERVICES,  
SUBCOMMITTEE ON READINESS,  
*Washington, DC, Thursday, March 27, 2014.*

The subcommittee met, pursuant to call, at 9:07 a.m., in room 2118, Rayburn House Office Building, Hon. Rob Wittman (chairman of the subcommittee) presiding.

### **OPENING STATEMENT OF HON. ROB WITTMAN, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, SUBCOMMITTEE ON READINESS**

Mr. WITTMAN. I call to order the Subcommittee on Readiness of the House Armed Services Committee. And I want to welcome all of our members and our distinguished panel to today's hearing focused on "Operations and Maintenance Without OCO [Overseas Contingency Operations] Funds: What Now?"

This morning we have with us Lieutenant General James L. Huggins, Jr., Deputy Chief of Staff of the Army for Operations; Vice Admiral Joseph P. Mulloy, Deputy Chief of Naval Operations of Integration of Capabilities and Resources; Lieutenant General Glenn M. Walters, Deputy Commander of the Marine Corps for Program and Resources; Lieutenant General Burton M. Field, Air Force Deputy Chief of Staff for Operations.

Gentlemen, thank you so much for joining us and thank you for your service to our nation. It really means a lot to us. Thank you.

Since the terrorist attacks on 9/11 the U.S. military has deployed thousands of U.S. service members, Federal civilian employees, and contractors around the world in support of operations focused on counterterrorism, counterinsurgency, ballistic missile defense, and security assistance. The military services have also dedicated immense resources to repairing war-torn equipment, developing new technologies, modernizing the force, training units, and shoring up homeland defenses.

The bulk of these activities have been paid for outside the normal Defense Department budget process through a yearly wartime Overseas Contingency Operations supplemental budget. OCO funding, as it is called, has played and will continue to play an essential role in military readiness.

Most importantly, it supports our combat operations and our men and women in harm's way. It remains critical to protecting our forces as we draw down in Afghanistan and allowing them to successfully conduct their mission.

OCO is essential for the retrograde of equipment from theater and the transition of security responsibility to Afghan national security forces. This need will be especially acute if a bilateral security agreement is signed with the government of Afghanistan.

Some would characterize OCO as unnecessary after 2014. However, the fact of the matter is that the rapidly broadening scope of challenges now facing our military has led to the Department to become increasingly dependent on OCO to support enduring activities, activities beyond Afghanistan's borders that must continue after combat operations have ended.

OCO funds a multitude of enduring, high-priority activities like building partner capacity, providing humanitarian assistance, conducting training exercises, and performing intelligence functions. We must find a way to migrate the billions of dollars in funding for these essential and enduring activities from the OCO to the base budget, which presents an enormous challenge that only becomes more difficult if sequestration continues to squeeze the base budget.

Until we are able to do so, we have a responsibility to provide the necessary OCO resources to allow our troops to do the job we have asked them to do. However, that does not mean we will stop providing vigorous oversight of the OCO budget or that hard choices will not have to be made.

I would now like to turn to our ranking member, Madeleine Bordallo, for any remarks that you may have.

[The prepared statement of Mr. Wittman can be found in the Appendix on page 33.]

**STATEMENT OF HON. MADELINE Z. BORDALLO, A DELEGATE FROM GUAM, RANKING MEMBER, SUBCOMMITTEE ON READINESS**

Ms. BORDALLO. Mr. Chairman, thank you. And thank you for convening this hearing on a very important topic that will have significant impacts on the readiness of our forces as we wind down in Afghanistan.

To all of our witnesses here today, thank you for your testimony and for your service to our great nation.

Admiral Mulloy, I want to welcome you here today. Here we have another top leader in the Navy who got some early training out on Guam. And I know that our Guam Chamber of Commerce has appreciated your leadership on a number of issues and says hello.

Since the terrorist attacks on the U.S. homeland on September 11, 2001, the Department of Defense has relied upon supplemental appropriations to pay for counterterrorism operations through the Overseas Contingency Operations, or OCO, budget. Since 2001 the Department has received nearly \$1 trillion in OCO funds to pay operations in Iraq, Afghanistan, and elsewhere in combating terror threats across the globe.

OCO funds have been critical to funding current operations, but as the war in Afghanistan winds down we need to begin preparing for what the world will look like without OCO funds. OCO funds have been particularly used to fund certain readiness needs such as flying hours and steaming days, specialized training, and equipping service members for the counterinsurgency mission. The Army

and the Marine Corps are particularly reliant upon these funds to pay for reset of equipment that is retrograding from theater.

I hope that our witnesses will discuss how and when each of the services would move these readiness activities into their base budgets in the out-years and the extent to which the specter of sequestration complicates that effort. As the services begin to program for activities that have been paid for under OCO during the past decade, where do you take risk if they are not covered in the base budget?

I also hope that our witnesses from the Army and the Marine Corps will talk about the risk to resetting their equipment if OCO funds dry out. And I would like to hear a good discussion on what equipment the Navy and Air Force have on resetting, as we rarely hear about their reset challenges.

And I yield back, Mr. Chairman.

Mr. WITTMAN. Thank you, Ms. Bordallo.

We will now go to our witnesses.

Lieutenant General Huggins, we will begin with you.

**STATEMENT OF LTG JAMES L. HUGGINS, JR., USA, DEPUTY CHIEF OF STAFF FOR OPERATIONS, UNITED STATES ARMY**

General HUGGINS. [Off mike.]

Mr. WITTMAN. If you could go ahead and get you to turn your microphone on? Thank you.

General HUGGINS. Chairman Wittman, Ranking Member Bordallo, members of the subcommittee, thank you very much for the opportunity to come testify this morning here on the importance of the contingency funding along with my joint service partners. I am here to really emphasize the fact that the investment in your Army over the past 13 years, provided in large part by OCO, has ensured our success in both Afghanistan and Iraq as well as other contingencies around the world.

Your support of the fiscal year 2014 Consolidated Appropriation Act and the Bipartisan Budget Act has also allowed the Army to begin to regenerate readiness, and these funds are critical for our training in the future; for contingency operations; as you both mentioned, the reset of our equipment; and to rebuild the readiness of the global contingency force, which we need to keep ready every day.

Finally, on behalf of the Army and the over 155,000 soldiers that are either forward-deployed or forward-stationed today, many of whom whose missions and training were funded by OCO, I would like to say thank you for your support.

The OCO funding has been essential in enabling the Army to surge its manning, its equipping, and its training in a time of war, as well as sustaining the force in extended operations and then resetting that force after redeployment in order to, again, rapidly rebuild readiness for the nation, which will be also very critical to rebuild that readiness in the future as we become smaller.

It has also permitted the Army to support our deployed joint force partners here at the table with us, as the Army serves as the executive agent for many title 10 logistics and support functions. And in my role as the Deputy Chief of Staff for Operations, Readiness, and Mobilization I can tell you I am concerned with the col-

lective impact that a lack of Overseas Contingency Operations funding would have on our ability to rebuild readiness and then move towards a balance of the force as we restructure it in the future between readiness, modernization, and end strength or force structure. But I am also concerned, as we are doing missions around the world today, that it will impact our ability to support our sister services who are deployed alongside of us in many of the AORs [areas of responsibility] which you visited.

The implications of not receiving OCO in a timely manner would force the Army to reprioritize its remaining base funds for the readiness of our deployed and deploying units only. The Army would be forced, similarly, as we did in fiscal year 2013, to absorb the reductions by reducing collective training of all units that don't have that deployed or—deployed mission.

The Army has three specific concerns as we look at the future of OCO funding. The first is that, as leaders have testified many times both last year and this year, the Army will require overseas contingency funding for years to come—approximately 3 years, by our estimate—to finish the reset of equipment when the last piece comes out of Afghanistan.

The cost is estimated at about \$9.8 billion and we have been given a little over 3 [billion] for funding for that this year. And again, that is going to go a long ways to, again, help rebuild our readiness down the road.

And again, I just would say that this equipment that we are trying to retrograde to reset from Afghanistan in many cases is our most modern equipment, because we have had our best equipment forward. And it will be vital to the improvement of not just the active Army in the future, but all of our components, both the National Guard and Army Reserve.

And the second concern is that OCO is the source of funding not only for our operations in Enduring Freedom, but also for many other operations and contingencies around the world: on the continent of Africa, missions such Observant Compass, Juniper Micon; in the CENTCOM AOR [United States Central Command area of responsibility], in addition to OEF [Operation Enduring Freedom] we have funded parts of Operation Spartan Shield in Kuwait as well as JTF [joint task force] Jordan. So it is more than just Afghanistan for many, as you both pointed out.

If there is not an OCO appropriation the funding for these contingency operations, just as I said previously, will have to be absorbed into the base—and this is especially problematic during the times of a declining budget.

And the last concern we have is the temporary end strength, which was agreed to by Congress and funded through OCO, allowed the Army to support the demands precipitated by two surges in Iraq and one surge in Afghanistan. It enabled us to maintain some level of dwell for our soldiers between many multiple back-to-back deployments.

It has always been clear we would reduce that end strength, but it is going to take a little bit of time. As the chief just testified, we have accelerated our reductions so a move towards that 490,000 in the active force by 2015.



The readiness in the Army for ongoing operations around the world and contingencies is critically dependent upon receiving Overseas Contingency Operations funding appropriations. The absence of that OCO would severely underman the Army readiness initiatives we have taken this year, thanks to the 2014 appropriations, to start to rebuild that. It would, in my opinion, move us towards hollowness. And it would increase the risk both to our soldiers and to our mission for this nation.

And I look forward to working with Congress to find a solution that will help the Army ensure that we remain the best Army in the world and be able to fully respond when the nation calls. Thank you very much.

Mr. WITTMAN. Thanks, Lieutenant General Huggins. Thank you. Vice Admiral Mulloy.

**STATEMENT OF VADM JOSEPH P. MULLOY, USN, DEPUTY CHIEF OF NAVAL OPERATIONS FOR INTEGRATION OF CAPABILITIES AND RESOURCES (N-8), UNITED STATES NAVY**

Admiral MULLOY. Chairman Wittman, Representative Bordallo, and distinguished members of the subcommittee, thank you for this opportunity to appear before you today to discuss the Navy's use of Overseas Contingency Operation funds, or OCO, and the Navy's also enduring need for supplemental funds as you support the end of the war in Afghanistan and continue to support critical national security needs around the world in the Middle East area.

OCO funding, in addition to our base budget, continues to play a critical role in maintaining the capability, capacity, and readiness of our Navy to support our combatant commanders in addition to meeting the missions of defense planning guidance. On any given day there are approximately 6,000 sailors ashore and another 10,000 afloat throughout the CENTCOM area of operations. These sailors are conducting maritime infrastructure protection, explosive ordnance disposal, counter IED [improvised explosive device], contingency construction, cargo handling, cargo logistics, maritime security, civil affairs, base operations, and other forward-presence activities—supporting special forces, among—and many other forces.

For over 10 years OCO funding has allowed the Navy to operate at a wartime operational tempo throughout the Middle East. As the land war draws down, the Navy is uniquely challenged because our forces will continue to serve and provide presence in the CENTCOM region as boots on the ground actually move out of some countries.

As we reduce our ground combat forces, intelligence, surveillance, and reconnaissance requirements will remain steady or even increase. Transportation and retrograde requirements are increasing as we prepare to ship cargo and equipment to come back home. Sustaining this long war fight has worn upon the material conditions of our ships and OCO funding has become a critical component of our ship maintenance program.

Our afloat and expeditionary forces in the Middle East remain forward to defeat aggression. However, the demand for naval presence in the theater will remain high for the foreseeable future.

As the Navy's resource officer, I am concerned that if the Navy remains at our current level of operations that it will not be sus-

tainable within our baseline budget. We use OCO funding to reset our ships and equipment. Timing is based on when—timing is based upon when does the operations end, but equally important for our ships is the availability of the platforms and dry docks to actually reset them when they come back, so there is a critical timing element here as well as, in our reset we find for—that I will define later in terms of years.

The capital nature of our assets of our ships make long-term supplemental reset more critical to the Navy, as in the current fiscal environment, any transition from OCO to base at the current base top line, or worse, under sequester laws, would drive all of our bases down, and our limited budget will pressurize our already difficult decisions as we work to balance our force structure, modernization, and readiness. Without additional supplemental funding I am concerned that all three of these areas will suffer.

We support the transition from OCO to base funding and will work with the administration and the Department of Defense as they develop transition options. However, it must be done in a progressive and responsible way to prevent destabilization of operations in the Middle East, an acceptable risk in our ability to fulfill our global missions, and have no dramatic impact upon our critical force structure and procurement accounts.

I ask for Congress' continued support in sustaining OCO funding while we gradually and responsibly transition from OCO to base in our future years. Thank you again for this opportunity. I look forward to answering your questions.

Mr. WITTMAN. Thank you, Vice Admiral Mulloy.  
Lieutenant General Walters.

**STATEMENT OF LTGEN GLENN M. WALTERS, USMC, DEPUTY  
COMMANDANT FOR PROGRAMS AND RESOURCES, UNITED  
STATES MARINE CORPS**

General WALTERS. Good morning, sir.

Chairman Wittman, Ranking Member Bordallo, and esteemed members, thank you for the invitation to appear before the subcommittee to discuss Overseas Contingency Operations budget and readiness.

Can I borrow your speak slowly slide? Thanks.

As the Marine Corps—inside joke, sir. Sorry. As Marine Corps Deputy Commandant for Programs and Resources it is my job to obtain the resources to ensure we remain America's crisis response force. That means marines deployed overseas, whether in Afghanistan, providing steady state presence, or training with our international allies, are ready. They will have the right equipment and the right training to accomplish their mission.

My Commandant has tasked me with prioritizing our resources to support readiness as our top priority. We generate readiness through our operation and maintenance accounts.

For operations supported by OCO, operations and maintenance supports of the Marine Corps—support the Marine Corps' incremental cost of combat operations to include training and equipment repair. The remaining OCO request covers infrastructure repair, equipment replacement, and temporary end strength above the baseline Active Duty force.

However, as we wind down our operations in Afghanistan the size of our OCO budget will decrease. We will no longer need our temporary end strength but we will still need some funds to support our enduring activities and to complete the reset of our equipment for several years. Without an OCO budget we will be forced to take further risk in our equipment modernization and infrastructure sustainment programs in order to maintain near-term readiness.

I look forward to answering any questions you have. Thank you.  
Mr. WITTMAN. Thank you, Lieutenant General Walters.  
We will now go to Lieutenant General Field.

**STATEMENT OF LT GEN BURTON M. FIELD, USAF, DEPUTY CHIEF OF STAFF FOR OPERATIONS, PLANS AND REQUIREMENTS, UNITED STATES AIR FORCE**

General FIELD. Chairman Wittman, Ranking Member Bordallo, thank you for the opportunity to provide you with an update on your Air Force and how we use OCO funding.

Today your Air Force is engaged globally, supporting combatant commander requirements and executing national strategy as prescribed by the 2012 Defense Strategic Guidance. Much of our engagement is supporting Operation Enduring Freedom, and that is all funded by OCO.

In fiscal year 2014 the Air Force is executing about \$16.6 billion in OCO funding. OCO represents 13 percent of the total Air Force discretionary budget, and that means we are heavily reliant on OCO.

In general we apply OCO to three different appropriations: operations and maintenance, or O&M; procurement; and military personnel. Most of the funding goes to O&M so I am going to start there.

In fiscal year 2014 our OCO appropriation exceeded \$10 billion. In addition, with the BBA, thank you for providing us with an additional \$2.8 billion that we are allowed to put toward flying hours, readiness, and weapon system sustainment.

Overall, that OCO funding O&M funding is about 20 percent of our total O&M budget. And again, it indicates a heavy reliance on OCO funding for readiness and day-to-day operations in the United States Air Force.

Within the \$10 billion of OCO O&M, \$2.8 billion is funding 321,000 flying hours in support of OEF. Now, unlike most of our colleagues, most of our airmen are not stationed inside of Afghanistan.

While we do have 5,000 airmen and multiple hundreds of airplanes in that region, most of them are in bases surrounding Afghanistan, which provides a great advantage to the commander there. But bases like Ali Al Salem, Al Udeid, Al Dhafra, Thumrait, and Manas are all funded by OCO.

This leads to a second major O&M expense, which is the \$2.7 billion in base operating support for these bases. This includes the housing, dining, sanitation, utilities, operation and maintaining of vehicles and support equipment, as well as the comm [communications] and security required to operate a base.

We also fund with OCO the airlift transportation required for OEF. In fiscal year 2014 \$2.2 billion was allocated to inter- and intra-theater airlift, air medical evacuation, and commercial tenders.

Finally, all of our weapon systems supporting OEF have to be maintained. In fiscal year 2014 we used \$1.8 billion in weapon system sustainment cost, and that primarily consists of aircraft and engine depot inductions driven by increased aircraft utilization rates.

And it also includes contract logistic support needed for assets in theater. For example, two-thirds of our RPA, remotely piloted aircraft, requirement is funded by OCO.

In addition, fiscal year OCO—2014—fiscal year 2014 OCO funds fund nearly \$3 billion in procurement, which includes replenishment of the aircraft, missiles, ammunition, and other equipment that need to be reset.

Finally, we use about \$860 million in personnel cost, which includes the man-days we use to leverage our Guard and Reserve forces. As you know, the Air Force heavily relies on our Guard and Reserve forces, and without their participation we couldn't do what we do today.

We are still formulating the fiscal year 2015 OCO request but it is going to basically be categorized as reset, retrograde, and enduring requirements. Like all services, the Air Force anticipates OCO funding will be needed for a couple years to reset both in procurement for asset recapitalization and O&M funding for equipment repair.

In addition, we are carefully planning retrograde, which is going to include conducting detailed cost-benefit analysis to determine what should and should not be retrograded. And that planning is ongoing, just like the other services.

So you are familiar with retrograde and reset but you may not be familiar with the potential for enduring requirements. These requirements are a particular concern to the Air Force because we have indications that both Air Force airmen and platforms will be in high demand in CENTCOM and in other theaters even when combat operations end, regardless of how many boots are on the ground in Afghanistan.

For example, I recently polled all of the COCOM [combatant command] J3s [joint staff operations] and asked them what their future requirements for Air Force airmen will be. Every one of them said their requirements were going up, not down—to include CENTCOM.

So what does that mean? It obviously always means ISR [intelligence, surveillance, and reconnaissance], it always means fighters, and it always means bombers. Those come with a requirement for airlift; they come with a requirement for refueling; they come with a requirement for command and control; and they also come with a requirement for personnel recovery.

In CENTCOM those bases I mentioned earlier that aren't in Afghanistan but are OCO-funded will be the enduring presence that CENTCOM will rely on to—in the future. It is likely they will remain regardless of the outcome of operations in Afghanistan.

So we may label the continued deployment or associated base operation support as a baseline requirement, an OCO requirement, or whatever requirement, but if required, we need to resource it.

We have already in fiscal year—in this current President’s budget proposal shown how dire we are in the baseline budget. We are going to cut over 20,000 airmen and 500 aircraft without moving any base—any OCO into the baseline.

With the funds required for operating those bases in the region—again, Ali Al Salem, Al Udeid, Al Dhafra, Thumrait, any other residual requirement in Afghanistan—we would have a very difficult challenge moving that into the baseline.

So despite these challenges, we emphasized readiness with your BBA [Bipartisan Budget Act of 2013] funding and we do appreciate that, and that will help reverse the long downward trend of readiness and our ability to meet the strategy. That recovery will take a while, though.

If we don’t receive appropriate OCO or baseline funding we will be forced off that recovery path and the readiness will likely get worse. The reason is OCO reset, retrograde, and enduring requirements are mostly O&M bills. We will have to tap into our baseline O&M funds to pay those bills.

Now, what happens then? We hit our flying hour program; we hit our readiness; we hit our weapon system sustainment.

We saw in fiscal year 2013 what happens when sequestration and basically budget cuts forced us into steep and sudden cuts. We stood down 31 fighter squadrons, for example, and those fighter squadrons didn’t fly for—fighter and bomber and C-2 squadrons didn’t fly for 3 months and we are still trying to recover from that 3-month non-flying period.

If we are forced to put the OCO into our baseline budget we are going to have to make similar cuts for an extended period of time in the future. That means that we will be basically—do our best to be ready for requirements now and have little to no reserve for anything that might come up suddenly that we hadn’t anticipated.

So thank you again for the opportunity to talk to you today and I look forward to your questions.

Mr. WITTMAN. Very good. Thank you so much, Lieutenant General Field.

I am going to defer my questions and go to the ranking member, Ms. Bordallo, for her questions.

Ms. BORDALLO. Thank you, Mr. Chairman.

My first question would be, I guess, for each of our service representatives here today.

Please describe your service’s efforts to migrate enduring requirements into the base budget, and how does your service’s fiscal year 2015 base budget request reflect efforts to return to a non-OCO budgetary world? What specific functions have you moved from OCO to base and how challenging has sequestration made that task? And what is most at risk?

We will start with you, General.

General HUGGINS. Thank you, Ranking Member Bordallo. I would have to start out that probably the biggest challenge is the unknown of the future fiscal environment, in terms of whether 2016 will be full sequestration or where are we at. We understand

that is the law of the land and that is where we are looking, but it does make it programmatically difficult for us to project how we will migrate those funds.

We have done some of that already, most specifically in the area of equipment that we reset. Many of the items that have come to the Army as a result of the war in terms of mine-resistant ambush-protected vehicles, the MRAPs, and our critical ISR assets, which are invaluable on the battlefield, those have migrated into the base in terms of reset and ability to project or sustain their—in our inventory. So we are holding on to the best of those pieces of equipment, moving them into the base.

We will follow a very similar model as we look at, as General Odierno has mentioned, as we look at the targets based upon the future environment that we will shrink the Army to, following the same methodology in terms of migration of funds into this. We do see it as the way of the future; it is just a matter of the fiscal uncertainty in terms of how quickly or how much we can do year by year, ma'am.

Ms. BORDALLO. I understand.

General HUGGINS. Thank you.

Ms. BORDALLO. Admiral.

Admiral MULLOY. Yes, ma'am. Having been the budget officer for 4½ years, I have seen this develop. I would say to you in this budget right now the Navy has moved, working with the Office of Secretary of Defense, a couple areas—one has been flying hours, but only the baseline. The Navy operates at a readiness model of—we do a cycle readiness model of what is called 2.5, so pilots are ready, they get ready, they deploy, and they move up and down in the cycle.

And we fund the Marine Corps, which all the Marine Corps aviation is funded in the Navy budget—everything from procurement of airplanes through flying hours. They pay for the people. They are funded at 2.0 because of their readiness model. The Commandant is always ready as that middle fighting face.

So they are funded that and they are funded what we call 80 percent of training and readiness matrix. When they deploy the MEUs [Marine Expeditionary Units], the ARG [Amphibious Readiness Group], and the carriers are funded at a baseline flying to where they are maintain ready. But that is not what is expected forward.

So we fund the base to be able to go forward but the moment they get in the Middle East there is an operation of—they are at 125 percent of flying when they are anywhere in the Middle East, but if they are in Afghanistan it is 188 percent of this—they are not getting a lot more training but they are doing a lot more flying, so none of that has migrated to the base. What we find is that the CENTCOM and the Joint Staff and the National Command Authority expects aircraft carriers and ARGs to fly at higher levels when they go forward than what we are funded for in the base.

But we have bought 80 percent back in the base that 10 years ago, because of peacetime training offsets between OSD [Office of the Secretary of Defense] and the Hill, they said, "Hey, when you go forward, you cross the date line, you go through Straits of Malacca, almost everything is in OCO." Well, we walked that back to baseline and then flying.

But there is a substantial amount—more than \$1 billion of flying—that is still going on, which the Chairman of the Joint Staff will tell you is enduring and the CNO [Chief of Naval Operations] will tell you is—it is enduring but who is going to help me pay for it?

In steaming we have basically moved also—we operate in what we call steaming days per quarter. When you are deployed, 51 to 90 days is paid under way of the base budget; and when you are homeported it is 24 days. Well, we have been basically able to go from 45 and 20 to—from fiscal year 2016 and out—to 51–24. Once again, we set the baseline to be ready to be around the world at a level.

Right now we operate 58 to 63 days a quarter. You know, the steaming of the ships for the ARGs, the steaming of the carriers, and extra ships are all in—those extra days are OCO, once again. It is a supplemental, and the—as the Air Force general pointed out, what is the new order out there? What is the expectation?

When we go to CENTCOM, we go to EUCOM [United States European Command], we go to AFRICOM [United States Africa Command], well they could go down but I am going to still demand 58 or 63 days out of my ships and I am funded at 51–24. And that difference is the support of Congress to give me that extra money, and so there is that.

And of these overseas bases, the one base is Djibouti. We have moved the baseline money for that base as an enduring Navy EA [executive agent] that we fund that and that is now in our base. However, all the operations out of Djibouti, whether it is the Marine Corps operations, all the ships you see in the Middle East, once again, 51–24—anything beyond that, any flying beyond that, the Army guards that maintain the security over there, that is all in OCO.

So HOA operations—Horn of Africa operations—are in OCO. The base itself in Djibouti is in my base because we have said that is an enduring.

But the support I provide at Al Eisa, the base support for the Marine Corps aviation, the Navy EOD [Explosive Ordnance Disposal], and teams in part of Bahrain, that is in OCO. Fujir and some other places that we support special forces are in OCO also, because we have to have that determination what is the enduring presence.

So those are the big risk areas. And the other one is in reset. We get tremendous support for ship maintenance and aviation maintenance but we get about 80 percent of our baseline is for ships, but ships actually wear—on a model, they wear out just being at sea.

So we are dependent upon OCO and it is about \$1.4 billion. I need to get it back in the base.

But there are other areas of—we have—and we appreciate the support of Congress. Our reset of our ships—for the ships that deployed from 2006 to 2011 that did extra steaming we never—and we cut short their availabilities, we have had to go in and say, “The next time that boat comes due we need to go a dry dock avail. We need to open up all the tanks and fix things.” And for the last 2 years we had great support from Congress.

When the 2015 comes you will see there is a ship reset, and that is somewhat unique. This will be the third year. And that needs to go for about 5 more years because it takes 8 years to work through the fleet.

All the ships come due. Their next what we call “selected restricted availability” needs to be a docking restricted availability because I have to go in and do the maintenance on the ship that was cut short because it was in Norfolk, it was in Guam, somewhere it had to go. So therefore, underway now, we never did all that completion. It is about \$1.4 billion—pardon me, \$1.8 billion, but it needs to be over a number of years to be able to add that to the ship maintenance account.

So those are the risks we take. It is the enduring, the present, and we have done some OCO to base, but I will tell you, the specter of the BCA [Budget Control Act] of the lower caps would dramatically—even without that it would be hard to bring all this in base.

But what ties the hands, I believe, of DOD [Department of Defense] and it somewhat ties the hands of Congress unless you take action is if the caps don’t come up we will always be up against that ceiling. So if I bring OCO into base, what comes out of the base then? Because there isn’t the flexibility for the Secretary of Defense to ask for more, and without concerted action on the Hill, if you don’t raise the top line you are going to drive potentially all of us further into our base accounts, which would be procurement and readiness.

Ms. BORDALLO. Thank you, Admiral, for making that very clear. General.

General WALTERS. Yes, ma’am. Thank you for the question.

We follow the Navy on the depots. Our aircraft are done in Navy depots.

We also have our own depots. We have tried to fund our base budget to an enduring requirement, or what we think our enduring requirement will be. We think we have done that in 2014 and we think that we have done that in 2015.

Just to scope it for you, our O&M account in 2014 is slightly less than \$9 billion. About 40 percent of that is in OCO. So if we have to move all that in the base—and I know all of that doesn’t need to be moved into the base because we will draw down operations as we drive on—but we are still going to need the OCO for the reset 2, 3 years.

It is a matter of phasing. Even if you brought all the equipment out today, if you put it on a ship today and 2 months later it got here, I still don’t have the capacity in the depots to push it all through, so it is a phasing issue there.

We have tried to migrate our training in there. Our field maintenance we have tried to put in our budget.

But as with all the other services, as we look at a sequestered level in 2016 and out, what comes out is either our modernization accounts or our force structure. I think we have taken all the risk we can in the force structure end of the business. We don’t want to get any smaller. I don’t think the nation, as a steady state requirement for us, can afford to have us any smaller.



Our budgets, as we moved some of these enduring requirements in the POM [program objective memorandum] process we have, in our budget at least, reduced our procurement accounts by at least 30 percent. What does that mean? That means we are a ready force now but we see a time in the future when a future Commandant will have a—hard choice of either having a fully trained or a fully equipped marine on the battlefield, and that is what we are facing, and sequestration just exacerbates the problem.

Ms. BORDALLO. Thank you. Thank you, General.

General FIELD.

General FIELD. Yes, ma'am. That is a great question.

Over the past couple years the Air Force has done its best to migrate almost all of the flying hours that are not directly related to CENTCOM and OEF out into the baseline budget. We had some crossing of the beams there for a while and I think we have cleaned that up.

In addition to that, we are funding our weapon system sustainment to 80 percent. Now some of that this year is with that OCO funding that you all provided, and we are grateful for that. But in the out-years we are looking to fund that at 80 percent out of our baseline unless BCA comes back, and that will be cut again.

So that is the primary things that we moved from OCO into the baseline.

I think it is important also to remember that even with the BBA—and like all the other services, we are deeply grateful for the BBA—but even with the BBA in fiscal year 2014 that is about a \$5.3 billion cut to the United States Air Force. And we have little clarity on what is going to happen after—from 2016 and beyond other than the fact remains that BCA is still the law of the land.

So we have a problem. We are already cutting 20,000 airmen; we are already cutting 500 aircraft. We have already seen the effects of a severe cut like sequester had on us last year. And as I just described, we have enduring requirements over—around the globe that are increasing.

So at the end of the day we are going to have to either cut back on those requirements around the globe, which means that our ability to assure our allies and partners and deter potential adversaries is going to be at risk, or we are going to have to take that exactly as described from before, either out of some procurement program, which means our future viability is at risk; or our readiness, which means our airmen are going to be trained less and less ready when they arrive in battle; or both most likely.

So the fact of the matter remains is that without this increased funding we will not be able to do anywhere what you are asking us to do today.

Ms. BORDALLO. I thank all of you gentlemen for being very clear on this.

And I do have a couple other questions but right now I yield back to you, Mr. Chairman.

Mr. WITTMAN. Thank you, Ms. Bordallo.

And then we will now go to Mr. Scott.

Mr. SCOTT. Thank you, Mr. Chairman.

General Field, I represent Robins Air Force Base, and I would like to hear your thoughts on the curtailment of the OCO funding and the impact that it will have on the depot operations.

General FIELD. Yes, sir. Again, I think, as everybody has described, we have been using OCO money to reset the equipment that we have been using in these operations in Enduring Freedom and before that in Iraqi Freedom, and so those are continuing. This year we used some of that BBA OCO funding that you allowed us to use in weapon system sustainment, which is directly applicable to our depot systems, which you have at Robins Air Force Base, and we continue—we are committed to maintain as much funding as possible to that—the weapon systems sustainment program.

Right now that is at 80 percent and we are projecting that at—to remain at 80 percent and maybe higher as we see how that—how that goes. But if the BCA comes back we are going to have to reduce that funding below that, and that will be problematic in terms of having aircraft available to both operate in areas around the globe and to train with.

Mr. SCOTT. What percentage of the funding for depot maintenance is coming from OCO right now?

General FIELD. Sir, I will have to get back with you on that.

Mr. SCOTT. Okay.

[The information referred to can be found in the Appendix on page 37.]

General FIELD. But ultimately we are going to—our intent is to move that and WSS [weapon system sustainment] into the baseline.

Mr. SCOTT. Okay. Are there any particular areas of sustainment that will be hit harder than others?

General FIELD. Sir, I think with—if we have to move the OCO into the base and we have those resources now required from our baseline, I think we will have across-the-board problems with every major weapon system that we have and in the other equipment that we use to equip our airmen to do their job in the battlespace.

Mr. SCOTT. You talked about the 500 aircraft, 20,000 airmen—that is the approximate reduction in the President's budget. That is about a 40 airmen per aircraft. Is that typical across the Air Force?

General FIELD. Sir, what we did was we—when we went into this—to this planning effort we decided that we were going to have a couple guiding principles, and one of the guiding principles is if we were going to cut the tooth we were going to cut the tail. And so in the case of like the A-10, when we cut 283 aircraft out of our—out of our service, we are going to—we were able to take—we were planning on taking the personnel and the sustainment tail that goes with that. That allowed us to take cuts that were, while nobody likes this decision, gave us the least risk and the most payback. So we are able to get \$4.3 billion by taking away the entire A-10 fleet using this tooth and tail model.

And then we were also looking across the board at where we were overmanned in personnel and looking to see what the effect would be if we reduced that level. The problem is that part of our manning structure is based on what we normally do, and right now when you look across the globe both in OEF, in Africa, what

is going on in Europe, and the requests out of the Pacific, we are actually required to do more than we are manned to do, and that is how we ended up with overages in personnel areas. But we are going to have to look at cutting all of that.

Mr. SCOTT. I am extremely concerned about the A-10 drawdown and the pace at which it is being drawn down and the gap, then, between that drawdown and when new aircrafts will be available. I recognize it is an older platform. It is also an extremely effective platform.

But no matter how good the F-35 is going to be, we can't have it in one place—in more than one place at one time, and if we draw down the A-10 over 24 months and it is 7 to 8 years before the F-35 is actually coming off the assembly line in adequate numbers, that seems to me to leave a gap in capabilities, but I understand there are extremely tough decisions to be made.

General FIELD. Yes, sir. You want me to explain our rationale on the—

Mr. SCOTT. Please.

General FIELD. So the cuts from—to our budget were extremely onerous, I guess you would say. We had to take a—figure out exactly what we were going to do to cut billions and billions and billions and billions of dollars out of the budget, and how to do that and maintain as much capability for our nation as possible.

So we looked at what we provide the joint force, because at the end of the day it is not the Air Force that does the fighting; it is all of us together that do that. And so what we provide to the joint force is air superiority; we provide them precision attack; we provide ISR; we provide command and control of our air assets; and we provide mobility.

And so we went through each one of those mission areas. Our chief talked to the chiefs—the rest of the Joint Chiefs and other COCOMs and he asked them exactly how—where they were—what they were expecting of the Air Force in terms of air superiority, which enables movement and prevents movement of the enemy, in terms of precision attack, in terms of the ability to get to the fight fast and to get to move around the battlefield rapidly, in terms of ISR [intelligence, surveillance, and reconnaissance], to know what is going on and what happened in the latest fight.

And after those discussions we looked throughout our portfolios and we looked at where we would provide the most bang for the buck in this particular case in precision attack, both in the deep fight, in strategic attack, and also in second echelon in areas right where we are—our men and women on the ground are joined at battle. And so we looked at who provides CAS [close air support].

And right now we have over seven platforms that provide CAS. We provide CAS with bombers; we provide CAS with fighters; we provide CAS with RPAs [remotely piloted aircraft]. And when we looked at—we put that into campaign models we found that if we replaced the A-10 with F-16s or another platform, that the impact of that on the campaign model, for example in Korea, was minimal to none.

And so we made that decision along with that guiding principle of tooth-to-tail to take the A-10 out of the inventory. Now we will

take—we will move that over a 5-year period, and we are—and there is a lot of moving pieces behind that.

But I will tell you that there is nobody—and I am first in line—that likes this decision. We do not like this decision. It is just the other decisions to come up with that much money are worse, and the A-10 can't do what those other platforms we would have to cut can do.

So, for example, as an example, trying to get that much money out of the B-1 would require us to retire the entire fleet, and the B-1 is our only airplane that can employ the JASSM [Joint Air to Surface Standoff Missile] between now and 2020 or 2019. Or we could take 350 F-16s out of the inventory; that is roughly about 14 squadrons worth of fighters. And those fighters can do CAS, they can do second echelon attack, and then they can do deeper strikes that can affect the future battlefield and different parts of enemy action and will.

Or we could go into readiness accounts again and then we could make our Air Force less ready and less able to respond when called, and we are already at that point right now.

So none of these decisions were palatable. None of them were good. All of them were very hard to make. And at the end of the day, that is why we decided on the A-10 versus some other area.

Mr. SCOTT. Thank you.

Mr. WITTMAN. Thank you, Mr. Scott.

We will now go to Mr. Barber.

Mr. BARBER. Well thank you, Mr. Chairman. And I want to, before I begin my questions, thank you for leading us on that CODEL [congressional delegation] last week to Afghanistan—very informative. And once again, it reinforced my understanding of how dedicated our troops are in the face of very difficult circumstances in Afghanistan.

Gentlemen, I want to thank you all for being here today, but more importantly, I want to thank you for your leadership and the many years of service you have given to our nation. I represent thousands of men and women in the Air Force at Davis-Monthan Air Force Base and at Fort Huachuca down in Cochise County in the Army garrison, and I am very proud to have that role.

Before I ask a question of General Huggins I want to go back to what was being discussed just before my turn came, and that is the A-10.

General, I understand this was a tough decision. They are all tough decisions, and I think the irresponsible decision that Congress made to impose sequestration and these cuts on our Department of Defense are really the villain of the piece, so we need to deal with it. I have opposed sequestration. We will hope that we can come back and do something about that.

But I want to associate myself with my colleague who just asked the question about the A-10. I really think that it is putting our troops in danger, quite frankly. Yes, I understand other platforms are available—the F-16, for example.

But when I talk to the Army personnel down at Fort Huachuca they don't say, "I wish the F-16 would show up," they say when the ugly warthog shows up they are having a much better day. And they understand, as we all do, that that is the best aircraft right

now to provide close air support, flying low, flying slow, making sure that the enemy is running and our troops are protected, and I really hope that we can find a way to reconsider this decision until we have platforms in place that really will prevent the gap that we are going to be seeing as the divestment goes forward.

We are going to continue to press the Air Force and the Secretary to make sure that we reconsider this decision, because I think it really does put our troops in jeopardy.

I would like to turn now to talking about the Army, and Fort Huachuca in particular, General Huggins. Fort Huachuca is a wonderful place. I don't know if you have visited it, but if you haven't it is a fantastic facility—one of our national assets in terms of national security, I believe.

The civilians and service personnel who work there I believe have and will continue to serve a vital role in the Army's intelligence and signal operations. Many of those service members work at the Army's Intelligence Center of Excellence, NETCOM [United States Army Network Enterprise Technology Command], and the 9th Army Signal Command headquarters, and they provide an important capability to operational requirements and contingency missions around the world. Secretary Hagel has rightly said that he wants to identify and pursue cybersecurity and cyber warfare as one of the DOD's top priorities, and I couldn't agree more.

General, special missions like the one housed at Fort Huachuca have many operational requirements that blend their daily operations and maintenance with overseas contingencies. Could you tell us what impact you foresee Army—on Army intelligence and signal communities who have relied in the past on OCO funding to cover costs of many of its operations and maintenance?

General HUGGINS. Thank you very much, and thank you for your words on Fort Huachuca. I have been there and I would agree with you.

I would tell you that specifically in terms of the intel functions first, before the cyber, last year about \$54 million in OCO was pushed into Fort Huachuca to support multiple operations—you know, most importantly the Foundry [Intelligence Training] Program. We provide reach-back capability for the commanders that are forward.

I was fortunate enough to be the regional south commander in Afghanistan a few years ago when many of you visited, and we rely on not just Huachuca but many other installations where the intel center provides this reach-back capability by—what they fondly say, they keep no MI [military intelligence] soldier at rest, even in reset back at home station. They are training on a forward-deployed mission and looking at real-world intelligence scenarios to help the commanders forward on that.

So we have invested in OCO at Fort Huachuca in the past and continue to see the need to do so in the future, really to help our commanders, our soldiers that are forward doing the contingency missions.

In terms of the cyber piece, I would only add it is probably the one of only two probably growth areas in the Army. As we look forward we are—obviously sequestration is tough.

We have gone to a majority of the force and said, "Hey, if you can remain neutral you probably have grown," but cyber certainly is. I agree that is a critical mission set and we have got a great new Army cyber commander who is working with U.S. Cyber Command to try and put our force structure together to meet the real-world requirements.

Thank you, sir.

Mr. BARBER. Thank you, General.

I yield back.

Mr. WITTMAN. Thank you, Mr. Barber.

We will now go to Mr. Enyart.

Mr. ENYART. [Off mike.]

Mr. WITTMAN. Okay. Thank you.

We will go ahead and go through a second round of questioning.

And, Ms. Bordallo.

Ms. BORDALLO. Thank you very much, Mr. Chairman.

Admiral Mulloy, you know where—I am very interested in a certain part of the operation here and I want to ask you, how does the Navy's base budget cover the focus on the Pacific region and would that focus be jeopardized by losing OCO funding?

Admiral MULLOY. Ma'am, there are some parts of OCO that supply some of the operations that support the intelligence function but generally the Pacific focus, which has been there in the Navy for over 80 years, is base-funded. But the risk is—we have is, you might say is, rising tides and lowering tides to level all boats.

The risk to the Pacific would be if the requirements may not go away. I mean, we have to maintain our ships and we have to look where we are operating steaming, but if we have to swallow some further enduring into our base it competes with the entire base, and as I think all the witnesses have pointed out was, you have to focus your procurement accounts, your modernization accounts, and your other readiness accounts.

So in many cases is, our focus would still be on the Pacific but if I have to lower the base for the entire Navy it will have a ripple over there. It still is our primary focus; it has been since the—obviously the 1930s when we moved the fleet to the Pacific, and then shortly after in 1944 Guam has become a central point out there also. And it was before that, but even more so since then.

Those are areas we don't want to go but we have to look at trying to bring that enduring requirement for the Navy. If the combatant commanders don't come down and the top line doesn't go up we will be squeezed, and that will affect everyone.

And that is obviously very much a tremendous concern, and our CNO has always said is, "Warfighting first, be ready, and operate forward," are his three mantras, which is that basis of the Navy. We are operating forward and we will continue to do that.

In the whole discussion we have always maintained our base metrics funded. It comes back again as to what do we have to do enduring—that is considered enduring—that the COCOMs consider enduring but the Navy's trying to figure out is it really enduring in this world, and we think it really is. And the Pacific will always be there for us but it is pressure on them indirectly.

Ms. BORDALLO. Thank you. Thank you, Admiral.

General Huggins and General Walters I guess, if you could just—given the recommended changes in force structure in fiscal year 2015 budget, how confident are you that we are bringing home equipment that is really needed by the new force structure? And also, in a perfect world how many more years of OCO funding do you think is needed to get to the 100 percent reset completion? How would you complete reset if OCO funding were curtailed or eliminated?

Just very quickly, either one of you?

General HUGGINS. Thank you, ma'am. Again, back to the other comments, if it were curtailed we would have to absorb it in the base because we vitally need that equipment that is forward, as we have said, some of our most modern.

We will prioritize it in that sequence as we bring it back in as we look to balance a lot of that equipment as it provides lethality, you know, mobility, and then protection for our soldiers in terms of our platforms. So what we are trying to do is find the best mix, and that is why we have slimmed down our mine-resistant ambush-protected vehicles and—to say we are not going to keep all of them but we will keep the absolute best of that and sustain that in it.

So we will have to go through some prioritization. Again, the—would like to be able to keep more, but we have been given tough choices, ma'am.

Ms. BORDALLO. General.

General WALTERS. Yes, ma'am. To date we just crossed the 80 percent mark on our equipment in Afghanistan that we have retrograded. It has not all been reset; only about half of that has been—gone through reset.

Our intent is to bring it—bring all that equipment out. We don't think we have any excess. There are going to be some disposed-of items that have been, through enemy action, rendered not viable to reset.

How long are we going to need reset? Because of the timing, the phasing, and how long we can get it back here, our best prediction is 2 to 3 years. We are going to need OCO to reset.

How important is reset? If we can't get it—if we can't get the equipment reset in the timeframe I just described we will have units that don't have the equipment and won't be ready to deploy at a future date—2017 would be a good date to think about that, yes, ma'am.

Ms. BORDALLO. Thank you. Thank you, General.

Before I yield back my time I just want to go on record to thank Chairman Wittman for leading a few members here from the HASC [House Armed Services] Committee to a CODEL in Afghanistan and parts of Africa. And I was so very proud—we all were—to see our American troops who are training the African security forces and for the very harsh conditions that they are having to endure, especially the heat. And they did it all with a smile on their face, and we were all so very proud of our troops and I just want to go on record just saying that.

And, Mr. Chairman, I yield back.

Mr. WITTMAN. Thank you, Ms. Bordallo.

Mr. Scott, would you like another round of questions?

Mr. SCOTT. I will try to be brief out of respect for the witnesses, but the Rapid Innovation Fund is one of the other things I had questions about, and with the changes in the OCO funding Rapid Innovation Fund, if each of you could speak briefly to what type of impact that you will have on getting—that will have on getting new weapon systems to your troops?

General HUGGINS. Thank you very much. Obviously I think this has been an asymmetric event we developed over the past 13 years of this war, and one that we are very interested in terms of how we are going to continue that.

Inside the Army, we continue to leverage two entities. One is called the Asymmetric Warfare Group, which is in our TRADOC [United States Army Training and Doctrine] Command, and the other is the Rapid Equipping Force, which currently works for headquarters DA [Department of the Army] but will transition this year to TRADOC. It is very hard to program funds for those because whether we are leveraging commercial-off-the-shelf technology or whether we are working through research and development to develop our own niche capability, you just can't figure out when you might hit that breakthrough.

The chief has us taking a look at how we might look even further into the future. I think you spoke together 2 days ago about the Army of 2025 and that technological advance we are trying to look for as an excursion he has asked our Training and Doctrine Commands, most specifically our Army Research and Capabilities Integration Command, to take forward because we do recognize that as a key way forward.

The bill will have to compete as we look at our RD&T [research, development, and test] and our modernization, and is, again, it will be impacted by sequestration, but the chief has asked us to hold off a portion of it so we can continue to look to the future so we don't outrun our headlights for that matter, sir.

Admiral MULLOY. Sir, for the Navy the Rapid Innovation Fund provides some of funds that we—from OSD that we compete for under the G-1 process, or what the Navy calls Speed the Fleet also. I would say is that concerns each and one—concerns us is about that is one source.

But the other, I would say, is the more important source is the continued from this committee and the other committees is under the above-threshold reprogrammings. Many items come in, we are trying to say was, "Hey, I want to put on"—I will give you an example.

Just this past week tremendous support last year to put Griffin missiles and Mark-38 guns on our patrol combatants in the Middle East to provide security for all of our forces going to and from the Straits of Hormuz. This past week our LCSs [littoral combat ships] over there shot and went I think it was nine for nine on Griffin missiles at target barges, which simulate other countries' ships moving through the area.

The support of the committees to allow us to reprogram in and make missiles and guns available on ships over there to continue these upgrades are important, so it is two part. We are concerned about OCO, but it is also the ability to move funds with—that we



planned 24 months in advance but we need to say is, "I really need to be here."

And so I would say that is even bigger for us is your continued support for above-threshold reprogrammings and that omnibus to come is really important and is directly documented on the ability of our PC [patrol craft] commanders to have better guns, better communications and missiles in a high-threat environment in the Straits of Hormuz.

General WALTERS. Sir, I will echo my compadres' concern. If we have learned nothing in the last 12 years of war it is that we do need to turn inside the enemy. Even an unsophisticated enemy can come up with things that can deter us from accomplishing our mission or harm American citizens.

We do not have a process that allows us to turn inside in the normal process. We need rapid innovation, whether it is developing the TTPs [tactics, techniques, and procedures] or getting something commercial-off-the-shelf or getting something rapidly to the fleet as a threat emerges. IEDs are a perfect example of that. You can build to protect and then they can adjust, and you have to innovate and continue to protect.

So it is very, very important that we have the flexibility to do that inside the normal budgeting process. Having that kind of fund available so that we can rapidly get it, I have seen on my time in the Joint Staff we have gotten things to the combatant commanders and our commanders and troops in the field in 8 weeks. You cannot do that through the normal process, so we need to have access to the dollars and the authorities to use those to counter what we find in the world today.

General FIELD. They have pretty much taken it all, Congressman. I will go first next time, yes. Basically, it does provide us an opportunity to get things out very quickly, and we have been able to take advantage of that over the past few years. The residual, though, is turning those programs into programs of record and having the continuing funding to sustain them in the long term.

Mr. SCOTT. But if OCO goes away and we don't make an adjustment on the other side of the equation it is going to slow the process, isn't it?

Okay. Thank you.

Mr. WITTMAN. Thank you, Mr. Scott.

Gentlemen, I want to ask a few overarching questions. Looking specifically at the current request for OCO in fiscal year 2015, so there is no detailed request there, what are your funding level assumptions going forward as to how you would execute the contingency operations overseas after October 1? And do you have in mind a fiscal year 2015 OCO number in order to be able to do that?

And I will like each of your perspectives on that.

General HUGGINS. Thank you, Mr. Chairman. This year we went with—we were—our top line \$46 billion across MILPERS [Military Personnel] and across our OMA [Operation and Maintenance, Army], in terms of OCO funding. Our projection would be less. We can only go off of what historically we have spent in the past.

As I talked to you we had—our end strength issue, as we continue to draw down, our—this year about \$2.5 billion. As we con-

tinue to reduce the force that number should come down for 2015 in terms of OCO.

I spoke about the reset. Overall we see about \$9.8 billion. I think this year we have put in about \$3.6 billion, \$3.5 billion to work that critical reset to rebuild that readiness. I think those are the base figures.

We could go into pretty exhaustive details if I went through the operations which you just saw in Africa, which are funded in OCO, which our assumption is, and just as General Field and others have said, the demand continues to come—go forward. I mean, it is pretty unstable and we support the priorities that the Joint Staff gives us.

And I see the continent of Africa very similar if not busier in the future. So those fundings at that level between not just Chad but many other countries there.

And then, you know, we still have our deterrence piece in Kuwait, which is also overseas contingency funding. So those are there and then, you know, we team with the Navy in terms of Guantanamo Bay, which I think those costs are also there.

And then those are the typical ones most associate with, but we have also got Patriots in Turkey with supporting operations, which is, you know, vital to building our partnership capacity. And we have got a JTF [joint task force] headquarters in Jordan, as I said, which is, again, trying to help stabilize a situation which would be not in our best interest to go in the other direction.

Thank you, sir.

Mr. WITTMAN. Vice Admiral Mulloy.

Admiral MULLOY. Congressman, I would say is if you looked ahead you would find is the Navy and all your OCO budgets have generally been one of the lower one because we have our base budget does a lot of our forward deployment. But I will also tell you, if you looked at it we have also had the least change over the last couple years because, as I mentioned before, as people come out we still have to be out there and operating at the same basic levels.

So in many cases, if you looked in a crystal ball you would find that there is maybe a determination of troops on the ground. I mean, for us it is 1,000 IAs [Individual Augmentees] of our great reservists being mobilized; it is the combat pay for that period; it is the SEALs [sea, air, land] and the EOD teams and other people and Seabees over there that will be determined on the boots on the ground.

But that is still just a very small percent—less than 10 percent of my OCO request. The largest part of it is all those operations forward in the Middle East that support everything from Western Africa through probably Eastern Africa all the way through to the Middle Eastern area, and that will remain largely the same and/or support as we continue to go ahead.

How we will handle it in October is—the concern would be is if there is not a bridge supplemental or some other event invoked here is cash flow, where I would have a substantial amount of my fleet operations, my fleet commanders would have to do that. It would come back to the ones you have seen before—deferred ship

maintenance, other areas—because I have to fund that presence of the 32 ships in the Middle East, the 54 in the Western Pacific.

Nothing changes on 1 October compared to 30 September. Nothing changes the airplane pilots taking off of the *George H.W. Bush* who is flying over Afghanistan. That plane and the Afghans don't know it is 1 October. I need to fund it, and that is what is going to continue on.

And I have a risk, and I think the Army has the largest risk—we all have risk of cash flowing, but ours is substantial; theirs is even more because that doesn't stop. So it is important to think about a solution, and I have certainly seen some discussions between the Hill and the White House about perhaps a bridge fund or 3 months of it saying, "Where do we go?"

But I will tell you that my budget will look very much in 2015 like it did in 2014 when we—when that finally settles, sir.

Mr. WITTMAN. Very good.

Lieutenant General Walters.

General WALTERS. Yes, sir. It would be perfect if both budgets came over simultaneously and we could balance them. We are not that.

I understand the Department's position of awaiting decisions on what our commitment is going to be to Afghanistan. The Commandant's commitment is that if we have people, much like every other service, none of us are going to send people in harm's way without funding them correctly.

I share the same concerns on cash flowing because I understand the risk that we take. We can't recover from those activities if we have to cash flow it because contracts don't get let, you know, readiness falls off. If you give up \$10 of readiness it costs you \$20 to get it back, and those are all things that we are worried about.

We are providing Special-Purpose MAGTF-CRs [Marine Air-Ground Task Force Crisis Response]. Those are in OCO right now. The one we have in Morón, if you remember, in December was the one that went down to Sudan and evacuated our American citizens there.

We provide some of our embassy reinforcement marines that in the last 3 months have been used 8 times, in the last years 30 times to reinforce our embassies. As we bring this Marine Security Guard additional capability on board, all that is in OCO. All that is going to have to—we are not going to not do it, so it just puts a burden on the people on this side of the table as we try to get it right, sir.

Mr. WITTMAN. Lieutenant General Field.

General FIELD. Yes, sir. So we ask our combatant commanders to do a lot, and what they are primarily concerned with is preventing conflict, and if there is conflict to end it as quickly as possible.

But a lot of their planning is revolved around the prevention of conflict, and whether it is in the Pacific, the Middle East, Africa, or now in Europe, that is what they are focused on doing. And the Air Force pays for a lot of that out of baseline. Operations in Africa; what we are doing to assure our allies in Europe today; moving units into the Pacific on a rotating basis, whether it is continuous bomber presence in Guam or F-22s to Kadena in Okinawa, Japan,

or whether it is F-16 squadron into the Republic of Korea; those are all out of our baseline funding.

As I mentioned earlier, even if we withdraw completely out of Africa, the Middle East remains kind of an interesting region for us. Iran looms large for our partners over there and they are worried about Iran.

There is instability across that region right now, as we all know, both in Syria, Egypt, and other countries. And those allies we have made commitments to and I think our commanders over there would like to keep those bases open to assure those allies, provide them the support that they need, build those partnerships. Those are, you know, a lot of bases that are coming out of OCO funding, and if we have to fund those out of our baseline it will be very, very difficult to do.

Mr. WITTMAN. Very good.

Gentlemen, I think you have laid out in a very specific way what would happen if we don't have OCO funds going forward into fiscal year 2015. And there is a lot that has been said about whether we will or will not have a bilateral security agreement [BSA] in Afghanistan, and if we do we know that there will be some level of continued operations there; if we don't then essentially there will not be.

And that then begs the question about what percentage of OCO funding in that realm, fiscal year 2015—what percentage of OCO funding would you estimate would go toward supporting operations in Afghanistan and what percentage would be other enduring missions that would occur regardless of what happens or whether or not we have a BSA in Afghanistan post-2014 or not?

General HUGGINS.

General HUGGINS. Thank you, Mr. Chairman. I am looking at the crystal ball. I mean, the "if" is very prominent in this discussion.

Historically, because you look back, probably about 25 percent of our top line was OCO. And if you would allow me to continue to say, I would—whatever that enduring presence would be, if I could reach forward and assume that the reset of that equipment stays within that one, which I have spoken about the numbers, I really have to take a guess at about somewhere around 10 percent.

And again, we think we will have the people issue in balance, depending on what that final number goes—depending on full sequestration or not, by 2017 hopefully—by fiscal year 2017. So that really dictates about 3 more years to try and take a hard look at it, which matches up with our equipment timeline.

You know, that said, I just—as you have all seen, I just don't know what the rest of the world is going to look like. But if I just isolate it to Afghanistan, as you asked, that would be my best assumption, sir.

Mr. WITTMAN. Okay. Very good.

Vice Admiral Mulloy.

Admiral MULLOY. Yes, sir. To the change in Afghanistan, it is probably—since I don't know what the final numbers are I can't give you an exact percent, but for the Navy it is still under 10—it would be under 10 percent. We would have to use exact numbers.

As I said before was, we have been probably for a very large service a very small percent of the 13 years of—from DERF [De-

fense Emergency Response Fund] to COW [Cost of War] to OCO. It has all moved on. The Navy has been a small percent because our baseline has been to operate forward. But it is that edge.

However, 90 percent of that is still required because we have never changed what we use the Navy for, and if we draw down rapidly, as we said before, I very think that it would do nothing but actually go up for the Navy for a short period of time as you withdrew, but our presence over there is largely at sea. We do have smaller bases and others, but that is why when people count on us being there.

So that is the risk we have is that I may have been the smallest OCO but I am the—I am probably the longest affected that it doesn't go away from me unless we stop world operations differently. The Air Force and the Navy do a lot on our base that the COCOMs count on, and that, I think, is a long-term issue and I greatly support your particular vision, and the entire committee's interest is understanding how the Department of the Navy operates as the symbiotic relationship goes on as he prepares people in Pendleton and around the world and to go forward on my ships and his aircraft are all joined firmly at the hip, but we are very much leveraged in this right now for a long-term solution.

Mr. WITTMAN. Very good.

Lieutenant General Walters.

General WALTERS. Yes, sir. So you asked specifically on what would 2015 look like.

Mr. WITTMAN. Yes.

General WALTERS. Our request, as we are shaping up right now, about 35 to 40 percent of that would be for our over end strength above our baseline. About 30 percent of that would be for what we would—if you make an assumption on our footprint in Afghanistan, about 30 percent with that and about another 30 percent would be reset. And the last little single-digit percent would be for training to prepare to go there.

Mr. WITTMAN. Lieutenant General Field.

General FIELD. Yes, sir. Again, I outlined before the basic construct of where to keep those. We are going to need the money for that.

But it all depends on what happens inside of Afghanistan. You know, like you said, we only have about 5,000 airmen in there. Obviously that will draw down regardless of what will happen, but the support from outside the country going into the country, if it has to remain at a base the flying time remains the same so it will be a reduction but it just depends on how much effort we are going to be putting into Afghanistan in 2015, and we just don't know that answer yet.

Mr. WITTMAN. Very good.

Let me wrap up with this. It sounds like from what you all are saying—and I am trying to get a picture here about where we are going forward. Obviously we have that indeterminate element of what is ultimately going to happen in Afghanistan, but that being said, there is a fair portion of OCO that is part of enduring requirements, enduring mission, a percentage of it that is part of the operations there within Afghanistan.

I know you all have worked to try to get the enduring mission elements back into a baseline budget, again keeping in mind, too, that there is some flex there because you are not sure about where we ultimately end up with in Afghanistan. That being said, I still—it still appears to me—and I want you to confirm this—it still appears to me that we are at a point, because we don't have a figure for fiscal year 2015—and again, that is based on trying to gather some information—that even if we are out of Afghanistan it doesn't appear to me as though we will be able to fully integrate the needed dollars from OCO back into a baseline budget so there is still going to be a gap there.

Now, I know it is hard to estimate what that gap is, but it appears to me as though there is still going to be a gap—in my mind a significant gap—in what you all must be doing as part of your requirements, your enduring mission, that we are going to have to address in one way or the other as far as that bridge goes. And I want to make sure that I am correct in stating that particular situation and I just want to get your comments and a yes or no on that.

General HUGGINS. Mr. Chairman, yes. I agree with your comments. And furthermore, with the appropriation or not, we are still funding or we are still resourcing. As we said, whether it will come out of the base or not, I mean, as I said, I—no one knows the difference between 30 September and 1 October. I am going to continue to do that.

I can obviously be more efficient if I can leverage more time in that measure, but you are correct, sir.

Mr. WITTMAN. Okay.

Vice Admiral Mulloy.

Admiral MULLOY. Yes, sir. Yes, sir. As you point out, OCO for the Navy is in—is in four parts. There is the clearly operating forward OCO-related; there is what I call my baseline—the ship maintenance, some aviation depot maintenance, any CC [combat control] maintenance, and some operations of Seabees that is in my base, I have to get that back; there is the reset.

But there is this enduring component, which is a substantial amount—\$2.5 billion to \$4 billion a year—of which the combatant commanders expect us to operate forward, but that is a new normal for me and that has to be discussed.

So of those four components, only one goes away with Afghanistan. The other three exist. And the only one that is a temporal is about 5 years for ship maintenance to come away for the reset, but the base of ship maintenance—the \$1.4 billion a year—that has to be funded to go back from 80 to 96 percent funding in ship maintenance.

Mr. WITTMAN. Very good. Thank you.

Lieutenant General Walters.

General WALTERS. Sir, I will be short. You are spot on.

Mr. WITTMAN. Okay. Very good. Thank you.

Lieutenant General Field.

General FIELD. Sir, I agree, you are exactly correct. We don't have enough money in our baseline budget to do what we are asked to do now. We don't have enough money to do what we are asked

to do now and prepare to do something like it in the future unless we have more resources.

Mr. WITTMAN. Good.

Gentlemen, thank you.

Ms. Bordallo, any—Mr. Enyart, any questions?

Gentlemen, thank you so much for joining us today. We appreciate first of all your service to our nation. Please provide our thanks to all the men and women that serve under you and thank them for the great service they provided this nation and the sacrifice of their families. We deeply appreciate what you do.

We have got some challenges ahead. The world around us, as we know, is not a safer place and you all do a spectacular job in both a strategically challenged environment and a resource-challenged environment, so we deeply appreciate that.

Please continue to stay in touch with us to give us your perspective as we move forward to try to address these critical issues.

Thanks again, and our subcommittee is adjourned.

[Whereupon, at 10:34 a.m., the subcommittee was adjourned.]





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# **A P P E N D I X**

MARCH 27, 2014

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**PREPARED STATEMENTS SUBMITTED FOR THE RECORD**

MARCH 27, 2014

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**Statement of the Honorable Robert J. Wittman  
Chairman, Readiness Subcommittee**

**“Operations and Maintenance Without OCO Funds: What Now?”**

**March 27, 2014**

I want to welcome all of our members and our distinguished panel to today’s hearing focused on “Operations and Maintenance without OCO Funds: What Now?”

This morning we have with us:

- Lieutenant General James L. Huggins, Jr., Deputy Chief of Staff of the Army for Operations;
- Vice Admiral Joseph P. Mulloy, Deputy Chief of Naval Operations for Integration of Capabilities and Resources;
- Lieutenant General Glenn M. Walters, Deputy Commandant of the Marine Corps for Programs & Resources; and
- Lieutenant General Burton M. Field, Air Force Deputy Chief of Staff for Operations.

Thank you, gentlemen, for being here this morning and for your service to our nation.

Since the terrorist attacks on 9/11, the U.S. military has deployed thousands of U.S. service members, federal civilian employees, and contractors around the world in support of operations focused on counterterrorism, counterinsurgency, ballistic missile defense, and security assistance.

The military services have also dedicated immense resources to repairing war-torn equipment, developing new technologies, modernizing the force, training units, and shoring up homeland defenses.

The bulk of these activities have been paid for outside the normal Defense Department budget process through a yearly wartime Overseas Contingency Operations (OCO) supplemental budget.

OCO funding has played – and will continue to play – an essential role in military readiness. Most importantly, it supports our combat operations and our men and women in harm's way.

It remains critical to protecting our forces as we draw down in Afghanistan and allowing them to successfully conduct their mission. OCO is essential for the retrograde of equipment from theater and the transition of security responsibility to Afghan National Security Forces. This need will be especially acute if a bilateral security agreement is signed with the Government of Afghanistan.

Some would characterize OCO as unnecessary after 2014. However, the fact of the matter is that the rapidly broadening scope of challenges now facing our military has led the Department to become increasingly dependent on OCO to support enduring activities—activities beyond Afghanistan's borders that must continue after combat operations have ended.

OCO funds a multitude of enduring high-priority activities like building partner capacity, providing humanitarian assistance, conducting training exercises, and performing intelligence functions.

We must find a way to migrate the billions of dollars in funding for these essential and enduring activities from the OCO to the base budget which presents an enormous challenge that only becomes more difficult if sequestration continues to squeeze the base budget. Until we are able to do so, we have a responsibility to provide the necessary OCO resources to allow our troops to do the job we have asked of them.

However, that does not mean we will stop providing vigorous oversight of the OCO budget or that hard choices will not be made.

I would now like to turn to our Ranking Member, Madeleine Bordallo, for any remarks she may have.

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**WITNESS RESPONSES TO QUESTIONS ASKED DURING  
THE HEARING**

MARCH 27, 2014

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**RESPONSE TO QUESTION SUBMITTED BY MR. SCOTT**

General FIELD. In Fiscal Year 2014, approximately 21 percent of the total funding for organic and contract depot level maintenance for weapon system sustainment comes from OCO. In addition, approximately 26 percent of the Air Force's Fiscal Year 2014 Flying Hour Program (FHP) funding projected to pay for depot level reparables will be funded using OCO dollars. [See page 14.]



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**QUESTIONS SUBMITTED BY MEMBERS POST HEARING**

MARCH 27, 2014

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#### QUESTIONS SUBMITTED BY MR. WITTMAN

Mr. WITTMAN. How dependent are you on OCO for day-to-day operations? How will the dependence change after the majority of, or possibly all, combat troops are out of Afghanistan?

General HUGGINS. The Army is critically dependent on OCO to support the day-to-day war fighting demands of Operation Enduring Freedom (OEF). After the departure of all U.S. troops from Afghanistan, the Army must continue to satisfy Combatant Commanders' operational demands, such as Operation Spartan Shield, Integrated Air and Missile Defense, and other overseas missions. Current U.S. National Security Policy dictates a sizeable U.S. troop presence in key regions to support U.S. vital interests and those of our allies. Many of these requirements are paid for from OCO.

Mr. WITTMAN. Please describe your service's efforts to migrate enduring requirements into the base budget? How challenging has sequestration made that task? What is most at-risk?

General HUGGINS. The Army will rely upon Overseas Contingency Operations (OCO) funding for any follow on missions in Afghanistan following the conclusion of Operation Enduring Freedom (OEF). The scope of other operational missions such as Operation Spartan Shield and the on-going Integrated Air and Missile Defense (IAMD) mission in the Persian Gulf would cause great pressure on the base budget activities that must continue to man, train, and equip a ready force. Efforts have been made to partially fund some of these requirements in the base budget; however, the continuing fiscal uncertainty has put the Army in a position of having to balance supporting current operations and building readiness.

Mr. WITTMAN. How does your service's FY15 base budget request reflect efforts to return to a non-OCO budgetary world? What specific functions have you moved from OCO to base?

General HUGGINS. Army's FY15 base budget reflects efforts to return to a non-OCO budgetary world by an increase in base funding for operational tempo as a result of the reduction of OCO deployed units. In FY15, a reduction in the number of Brigade Combat Teams (BCTs) and Combat Aviation Brigades (CABs) drives a base funding request increase of \$73.0M and \$134.0M, respectively.

The Army continually reviews our OCO budget/request for enduring capabilities that should transition to the base budget and has attempted to allocate base funding for those capabilities. The FY15 funding levels do not allow transitioning capabilities from OCO to base without creating unacceptable risk to current base funded programs due to Defense discretionary funding caps established in law. In FY15, we will continue to request OCO funding for enduring capabilities currently funded through OCO.

Mr. WITTMAN. How would your overall readiness be affected by the elimination of OCO? What training would be curtailed? What infrastructure would be affected? How would ability to maintain equipment and fully staff units be affected?

General HUGGINS. Terminating Overseas Contingency Operations (OCO) funding too early would have very serious consequences to the Army's ability to rebuild and sustain readiness. Many of the Army's enabling capabilities are funded in OCO to include such activities as commercial satellite airtime, enduring portions of the Criminal Investigation Command's (CID) Deployable Forensics Labs, contract MEDEVAC, and Contractor Logistics Support. The Army is still reliant on OCO funding to support portions of forward deployed unit costs, such as those involved in Operation Spartan Shield and the on-going Integrated Air and Missile Defense (IAMD) mission in the Persian Gulf, as well as significant network operations costs. There are enduring capabilities such as comprehensive Soldier and family fitness activities that engender resilience throughout the force. Elimination of OCO funding would force the Army to find offsets within base funding to support these actions.

From the readiness perspective, the training of next deploying units is funded via OCO. This training is non-negotiable. If OCO is prematurely removed the Army must accept additional risk by curtailing or eliminating decisive action training for non Army Contingency Force (ACF) units, and potentially even reducing training for units in the ACF as well, to offset the bill. Equipment maintenance would also suf-

fer as the Army would focus all maintenance on the next deploying and deployed forces creating additional risk in our other formations and creating a backlog of reset and other depot maintenance activities which eventually must be cleared.

While the elimination of OCO funding would not directly impact Army infrastructure accounts, these accounts would most likely suffer indirectly as a result of the need to reduce base accounts in order to offset critical activities formerly supported by OCO. This would result in reduced construction of new projects as well as an overall degradation of facilities with authorized repairs only addressing base life, health and safety concerns.

Finally, without the 2.5 billion dollars in FY15 OCO for the non-enduring above 490,000 end strength, the Army would have to take drastic personnel actions, such as halting all Permanent Change of Station moves, jeopardizing re-organization and unit readiness. The Army would cut contracts for service and support resulting in unit manning issues due to borrowed military manpower offsets and a corresponding skills mismatch as a result of the cuts. The impact to our civilian workforce would be particularly painful and would include hiring freezes, continuing the talent drain among our workforce of continued presence and readiness support.

Mr. WITTMAN. Without the support of OCO, at what point in time would the force return, in large measure, to full-spectrum readiness?

General HUGGINS. The Army would be forced to delay the return to full-spectrum readiness beyond FY19 if funding for Overseas Contingency Operations (OCO) were reduced below levels necessary to prepare units for deployment. Supplemental funding for OCO is the primary source that provides mission focused resources to our deployed and deploying Army units as well as equipment reset following combat operations. The Army uses OCO to ensure that base funding for core readiness activities (full-spectrum and/or Decisive Action in support of Unified Land Operations—DA/ULO) remains focused on building contingency response capabilities in support of the Combatant Commanders (CCDR). Since 2001, OCO has supplemented some, but not all of the costs associated with manning, equipping, sustaining, and training Army forces for deployment which forced the Army to mortgage core readiness to support Counter-Insurgency (COIN) combat operations.

Currently, the Army is trying to rebuild core readiness to conduct DA/ULO. This multi-year plan began in 2012 with the first DA/ULO training center rotation in over 7 years. Based on the current funding plan, the Army anticipates that it will regain balance across the force and full-spectrum readiness by between FY19–21. If OCO were eliminated, the Army would be forced to revert to mortgaging core readiness to support global demand for Army forces, which would delay achieving force-wide full-spectrum readiness beyond FY19–21.

Mr. WITTMAN. How dependent are you on OCO for day-to-day operations? How will the dependence change after the majority of, or possibly all, combat troops are out of Afghanistan?

Admiral MULLOY. The Navy's OCO funding can be split into four parts: increased operating tempo for flying and ship operations or operating forward, enduring requirements, reset, and Afghanistan operations. Navy funds the increased operating tempo required of our aircraft and ships in the Middle East through OCO. The Combatant Command and the Joint Staff expect increased flying and ship operations above baseline levels when deployed to the Middle East. Additionally, Navy funds some remaining enduring requirements through the OCO, which include air and ship depot maintenance above 80 percent, base support operations for several locations in the Middle East, and operating support for expeditionary units. Lastly, Navy funds the reset or repair of equipment, aircraft, and ships returning from theater. Reset of these items, primarily the ships, will take up to five or six years to be completed due to the scheduling of maintenance activities.

Once the Afghanistan operations end, the Navy will have three parts of their OCO funding requirements remaining. The enduring requirements, listed above, combined with the increased flying and ship operations above baseline levels when deployed to the Middle East would result in a substantial amount of OCO dependence after the majority of combat troops leave Afghanistan. These activities currently require up to ~\$4.0 billion in OCO funding per year. Additionally, the Navy OCO reset requirements are currently estimated to total ~\$2.2 billion over the next five to six years.

Mr. WITTMAN. Please describe your service's efforts to migrate enduring requirements into the base budget? How challenging has sequestration made that task? What is most at-risk?

Admiral MULLOY. Navy has been working to transition OCO funded enduring activities to baseline over the last few years. Enduring aviation and ship depot maintenance baseline requirements have been funded to at least 80% in baseline since FY11 and FY12, respectively.

Navy has funded all enduring flying hour operations in baseline for several years. Increased operating tempo required of our aircraft and ships in the Middle East continue to be OCO funded. For the foreseeable future, the Combatant Command and Joint Staff expect continued increased flying and ship operations above baseline levels when deployed to the Middle East.

Navy has also funded enduring Djibouti base operating support costs in baseline vice OCO beginning in FY13.

Navy will require OCO funding for some remaining enduring requirements. This includes aviation and ship depot maintenance above 80 percent, ship operations to fully support operational requirements, base support operations for several locations in the Middle East, and operating support for expeditionary units. Without OCO funding, these enduring requirements, combined with the increased flying and ship operations above baseline levels when deployed to the Middle East, would result in the need for an additional \$2.5–4.0 billion per year in baseline funding.

The Navy continues to work with the Office of the Secretary of Defense (OSD) to identify and plan the possible transition of enduring requirements from OCO funding to the baseline.

If the Navy remains at our current level of operations, it will not be sustainable within our base budget alone. The capital asset nature of our ships makes longer-term supplemental reset funding more critical to the Navy. In the current fiscal environment, any transition from OCO to base at the current base topline, or worse under sequestration levels, would drive our base down, pressurizing already difficult decisions as we work to balance between force structure, modernization, and readiness. Without additional supplemental funding, all three will suffer. For readiness specifically, we could be forced to delay maintenance activities for our ships and aircraft, reducing their operational availability and service life. Training could be reduced, preventing ships and aircraft from being ready and available for contingency operations.

Mr. WITTMAN. How does your service's FY15 base budget request reflect efforts to return to a non-OCO budgetary world? What specific functions have you moved from OCO to base?

Admiral MULLOY. Navy has been working to transition OCO funded enduring activities to baseline over the last few years. Enduring aviation and ship depot maintenance baseline requirements have been funded to at least 80% in baseline since FY11 and FY12, respectively.

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The Navy continues to work with the Office of the Secretary of Defense (OSD) to identify and plan the possible transition of enduring requirements from OCO funding to the baseline.

Mr. WITTMAN. How would your overall readiness be affected by the elimination of OCO? What training would be curtailed? What infrastructure would be affected? How would ability to maintain equipment and fully staff units be affected?

Admiral MULLOY. Navy is committed to providing ready forces forward. OCO currently pays for operations in excess of baseline requirements in support of Operation Enduring Freedom (OEF), reset of forces employed in OEF, and for some baseline readiness requirements. Sudden elimination of OCO, rather than a progressive reduction that continues to recognize valid supplemental requirements, would pressurize the Navy budget in all three areas:

- Shifting baseline readiness requirements currently funded by OCO to baseline, even with an orderly reduction, will require additional hard choices in procurement, modernization, and readiness impacting the capacity and capability of the Fleet. It will extend the risk Navy is currently taking in shore infrastructure as well.
- Continued high demand for Naval forces may require supplemental funding above baseline post-OEF.

- Timeline for reset of Navy ships is dependent upon the requirement to complete some of the work in drydock. Drydock maintenance is normally scheduled in 6–8 year cycles and is constrained by drydock availability and the time needed to conduct this maintenance. Navy requires some reset funding through 2020.

Mr. WITTMAN. Without the support of OCO, at what point in time would the force return, in large measure, to full-spectrum readiness?

Admiral MULLOY. A significant amount of baseline readiness requirements are currently leveraged in OCO. Given the magnitude of OCO funding (e.g., approximately \$10B for Navy in FY14), its elimination would require a review of the overall Navy portfolio in order to ensure we continue to deliver ready forces forward that are properly maintained and trained. Without OCO or other additional funding, such a review would likely find that Navy could not return to full spectrum readiness without a significant reduction in the size of the force. Full spectrum readiness includes the right capacity and right capability of ready forces.

In contrast, with PB15 funding, continued OCO and implementation of the Optimized-Fleet Response Plan (O–FRP) across the FYDP, Navy would recover both the capability and capacity for full-spectrum readiness, but still face high risk in executing at least two Defense Strategic Guidance mission areas.

Mr. WITTMAN. How dependent are you on OCO for day-to-day operations? How will the dependence change after the majority of, or possibly all, combat troops are out of Afghanistan?

General WALTERS. The majority of Marine Corps OCO funding supports the incremental costs of combat operations, equipment and infrastructure repair, equipment replacement, military pay for mobilized reservists, deployed pay and allowances, and end-strength above the baseline active duty force (182.7K in FY15). However, as the Marine Corps transitions from Operation Enduring Freedom in Afghanistan to steady state operations, including forward presence and crisis response, some of the activities currently funded via OCO will likely migrate to the baseline to support enduring missions and requirements. The Marine Corps currently estimates this amount to be between \$200 and \$450 million. This represents approximately 8 to 11 percent of our total FY 2014 OCO request of \$4.0B.

The \$700 million realigned from baseline to OCO in FY 2014 by the Congress in the 2014 Omnibus Appropriations Act is also an enduring requirement, and is reflected in the FY15 budget as such.

Mr. WITTMAN. Please describe your service's efforts to migrate enduring requirements into the base budget? How challenging has sequestration made that task? What is most at-risk?

General WALTERS. The Marine Corps has made modest gains in its efforts to fund enduring requirements in the baseline, but will face challenges to migrate the requirements identified above as sequestration has resulted in reduced top lines for all the Services. The ability to continue to fund missions with OCO has enabled the Marine Corps to limit further reductions in operation and maintenance and procurement accounts (infrastructure sustainment and equipment modernization) in order to support a ready and capable force.

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Mr. WITTMAN. How does your service's FY15 base budget request reflect efforts to return to a non-OCO budgetary world? What specific functions have you moved from OCO to base?

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The \$700 million realigned from baseline to OCO in FY 2014 by the Congress in the 2014 Omnibus Appropriations Act is also an enduring requirement, and is reflected in the FY15 budget as such.

Mr. WITTMAN. How would your overall readiness be affected by the elimination of OCO? What training would be curtailed? What infrastructure would be affected? How would ability to maintain equipment and fully staff units be affected?

General WALTERS. The majority of Marine Corps OCO funding supports the incremental costs for combat operations, pre-deployment training, equipment repair and replacement, and manpower above the baseline active duty force (182.7K in FY15). As the Marine Corps transitions from Operation Enduring Freedom in Afghanistan to steady state operations, including forward presence and crisis response, some of the activities currently funded via OCO will likely migrate to the baseline to support enduring missions and requirements. The Marine Corps currently estimates this amount to be between \$200 and \$450 million. This represents approximately 8 to 11 percent of our total FY 2014 OCO request of \$4.0B. The \$700 million realigned from baseline to OCO in FY 2014 by the Congress in the 2014 Omnibus Appropriations Act is also an enduring requirement.

If OCO funding is eliminated, baseline funding remains at the Bipartisan Budget Act (BBA) or Budget Control Act (BCA) levels, and mission requirements remain constant, the Marine Corps will be fiscally driven to a 175K force. This will place additional stress on the force resulting in a 1:3 dwell for steady state operations and posing risk at the Major Combat Operation (MCO) level as it becomes an "all in" operating environment. To ensure we maintain the Marine Corps' number one priority of a ready and capable force, the Marine Corps will take additional risk in equipment modernization and infrastructure sustainment which, over the long term, will have a detrimental impact to overall institutional readiness.

Mr. WITTMAN. Without the support of OCO, at what point in time would the force return, in large measure, to full-spectrum readiness?

General WALTERS. The Marine Corps is the Nation's expeditionary readiness force and will continue to prioritize near term readiness to ensure forward deployed forces and those Marines poised for crisis remain ready. However, without the support of OCO and the compounding effect of the Bipartisan Budget Act (BBA) or Budget Control Act (BCA) funding levels across the FYDP, the Marine Corps will be fiscally driven to a 175K force. This will place additional stress on the force resulting in a 1:3 dwell for steady state operations and posing risk at the Major Combat Operation (MCO) level as it becomes an "all in" operating environment. To ensure we maintain the Marine Corps' number one priority of a ready and capable force, the Marine Corps will take additional risk in equipment modernization and infrastructure sustainment which, over the long term, will have a detrimental impact to overall institutional readiness.

Mr. WITTMAN. How dependent are you on OCO for day-to-day operations? How will the dependence change after the majority of, or possibly all, combat troops are out of Afghanistan?

General FIELD. The Air Force is heavily reliant on Overseas Contingency Operations (OCO) funds for day-to-day operations. In Fiscal Year 2014 (FY14), we anticipate spending over \$10 billion in operations and maintenance (O&M) OCO funding, primarily for flying hours, transportation, Weapon System Sustainment (WSS), and base operating support for Air Force-supported bases in the CENTCOM area of responsibility (AOR).

The Air Force anticipates significant enduring requirements in the CENTCOM AOR, regardless of combat operations or troop levels in Afghanistan. For example, the Air Force-funded base operating support is almost entirely for bases outside Afghanistan, which will likely remain a critical element of our future force posture in CENTCOM. In addition, we anticipate the Air Force will be required to maintain a rotational presence at these bases. The base support, flying hours, and WSS will have to be funded by continued OCO (or supplemental) or a baseline increase. If this does not occur, aircrew flying training, depot throughput, and weapon system

repair capabilities would be significantly impacted and jeopardize our ability to meet our 2023 readiness goals.

Mr. WITTMAN. Please describe your service's efforts to migrate enduring requirements into the base budget? How challenging has sequestration made that task? What is most at-risk?

General FIELD. The Air Force is focused on maximizing our full spectrum readiness requirements. We are currently executing our flying hour and Weapon System Sustainment (WSS) programs to maximum capacity to meet mission and training requirements (including OCO missions). As OCO missions decline, funding for our flying hour and WSS programs will require additional baseline funding to return to full spectrum readiness training as we will continue to execute the same number of flying hours and depot maintenance levels. We have incrementally increased our OCO to base funding request for WSS in our Fiscal Year 2015 (FY15) Future Year Defense Program (FYDP) to account for this enduring requirement. Programmed increases start in FY16 by approximately \$1 billion to \$1.5 billion a year to get to 80 percent of the WSS requirement. This is the only action the Air Force has made to transfer OCO to base. This goes away if we have to maintain Budget Control Act funding levels in FY16 and out.

Mr. WITTMAN. How does your service's FY15 base budget request reflect efforts to return to a non-OCO budgetary world? What specific functions have you moved from OCO to base?

General FIELD. The Air Force is focused on maximizing our full spectrum readiness requirements. We are currently executing our flying hour and Weapon System Sustainment (WSS) programs to maximum capacity to meet mission and training requirements (including OCO missions). As OCO missions decline, funding for our flying hour and WSS programs will require additional baseline funding to return to full spectrum readiness training as we will continue to execute the same number of flying hours and depot maintenance levels. We have incrementally increased our OCO to base funding request for WSS in our Fiscal Year 2015 (FY15) Future Year Defense Program (FYDP) to account for this enduring requirement. Programmed increases start in FY16 by approximately \$1 billion to \$1.5 billion a year to get to 80 percent of the WSS requirement. This is the only action the Air Force has made to transfer OCO to base. This goes away if we have to maintain Budget Control Act funding levels FY16 and out.

The Air Force does not anticipate significant change in the CENTCOM requirement. Operations over the last 20 years (OSW, ONW, Balkans, Libya, Poland, Lithuania, Jordan, plus humanitarian ops) suggest the demand for Air Force capabilities will remain high even after combat ops cease. If combatant commander (CCDR) demand does not decrease, the Air Force will need additional top-line funding to the baseline budget or supplemental funding to continue operations to support CCDR requirements. If the Air Force has to fund these requirements in the baseline budget without additional funding, we will be faced with a sequester-like effect on Air Force readiness; the Air Force will likely stand down units, have zero units ready for emergent crises, have insufficient units ready for steady state operations (e.g. non-support TSP/TSC), and not be able to sustain our airfields and bases.

Mr. WITTMAN. How would your overall readiness be affected by the elimination of OCO? What training would be curtailed? What infrastructure would be affected? How would ability to maintain equipment and fully staff units be affected?

General FIELD. The Air Force relies on Overseas Contingency Operations (OCO) funds to adequately resource our Weapon System Sustainment (WSS) accounts. WSS is a critical component of our overall readiness, encompassing depot maintenance, contract logistics support (CLS), and sustainment engineering. WSS directly impacts fleet availability and the ability of our front line units to generate aircraft at a rate that can support our flying hour program, and, hence, our ability to train for the full spectrum of operations called for in the defense strategy.

The elimination of OCO funding would significantly impact Air Force full-spectrum readiness. Should OCO funding not be made available in future budgets and without an equivalent increase to the Air Force's topline, depot throughput and weapon system repair capabilities would be significantly impacted and jeopardize our ability to meet our 2023 readiness goals.

In addition, the Air Force needs adequate flying hours to generate trained and ready aircrew. We anticipate continued deployment requirements in the CENTCOM area of responsibility even after combat operations end, and if the Air Force is compelled to resource these flying from its baseline flying hour program (vice OCO or supplemental funding), readiness will significantly degrade.

Finally, operations, sustainment, repair, maintenance, and construction of some overseas infrastructure and real property assets are funded through OCO. The elimination of OCO funding would greatly reduce the ability of the Air Force to pro-

vide engineering capabilities and services to the combatant commanders and limit their ability to generate combat power. An alternate funding source, or migration of these costs to the Air Force base budget and an equivalent increase to the Air Force topline, will be required.

Mr. WITTMAN. Without the support of OCO, at what point in time would the force return, in large measure, to full-spectrum readiness?

General FIELD. The recovery time depends on the level of continued Overseas Contingency Operations (OCO) mission demand and whether the Air Force is funded at Budget Control Act (BCA) levels in future years. If the Air Force continues to deploy for rotational presence missions in CENTCOM, but does not receive associated OCO or supplemental funding for flying hours, readiness will not recover.

In addition, the Air Force must fund our Weapon System Sustainment (WSS) accounts to at least approximately 80 percent of total requirements to meet our readiness recovery goals by 2023, and we are reliant on OCO funds to meet this 80 percent funding level. Therefore, the recovery of our full-spectrum readiness within a reasonable time frame is highly doubtful without OCO funding or some other supplemental funding mechanism or baseline funding increase.

Under the Bipartisan Budget Act, our WSS accounts are funded to at least 80 percent of the total requirement for Fiscal Years 2014–15 (FY14–15). However, OCO funding for WSS is not assumed in FY16–19, meaning if we are held to BCA level funding, our WSS accounts will be funded to approximately 70 percent of the total requirement through FY19. This equates to a \$1.5–2.5 billion shortfall in WSS funding each fiscal year, which significantly jeopardizes our ability to meet our full-spectrum readiness goals within the next decade.

